

Message Text

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ACTION OES-06

INFO OCT-01 NEA-10 ISO-00 AS-01 IO-13 EB-07 INR-07 L-03

SS-15 SP-02 PM-04 H-02 /071 W
----- 049837

R 101130Z MAY 76

FM AMCONSUL BOMBAY

TO SECSTATE WASHDC 6416

INFO AMEMBASSY NEW DELHI

USMISSION IAEA VIENNA

C O N F I D E N T I A L SECTION 1 OF 2 BOMBAY 1207

STADIS//////////

EO 11652: GDS

TAGS: TECH IN

SUBJ: TARAPUR

REF: STATE 110959; STATE 111197

1. SUMMARY: SETHNA AND SHAH RECOGNIZE FAVORABLE ASPECTS OF NRC MAY 7 DECISION BUT ARE CONCERNED THAT "LEGISLATIVE-TYPE" HEARINGS IN OFFING WILL BE DIFFICULT FOR INDIA. THEY BELIEVE HEARINGS WILL FOCUS ON UNRESOLVED ISSUES RELATING TO SAFEGUARD PROGRAM, EG NATIONALITY OF INSPECTORS WHICH WILL OPEN DOOR TO GUST OF ADVERSE PUBLICITY ABOUT INDIA'S NUCLEAR PROGRAM. SETHNA ALSO STILL VERY UNEASY OVER POSSIBILITY EVENTUAL REJECTION OF APPLICATION. END SUMMARY.

2. CHAIRMAN SETHNA AND J.C.SHAH RECEIVED ME THIS MORNING FOR AN HOUR AND A HALF REVIEW OF MAY 7, NRC RULING (REFTELS) AND ALSO BRIEFLY DISCUSSED DEPUTY ASST SECRETARY KRATZER'S MESSAGE ASSESSING PORTENT OF NRC RULING. THEY WERE APPRECIATIVE OF PROMPT NOTIFICATION, WHICH THEY SAID ALLOWED THEM TO DEAL IN TIMELY FASHION WITH PUBLICITY PROBLEMS THAT INEVITABLY ARISE FROM ACTION FOR GOI. THEY ALSO WELCOMED KRATZER'S EVALUATION, BUT MADE CLEAR THEY FEEL THAT HEARINGS WILL POSE VERY DIFFICULT PROBLEMS FOR THEM, EVEN THOUGH MAIN BURDEN OF DEFENSE OF
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AGREEMENT BEFORE NRC REMAINS WITH STATE DEPARTMENT.

3. THROUGHOUT DISCUSSION I ATTEMPTED, WITH ONLY LIMITED SUCCESS, I MUST CONFESS, TO GET SETHNA TO FOCUS ON PROBLEMS THAT HAVE BEEN AVOIDED BY NRC APPROACH. WHILE HE RECOGNIZED THAT MORE COMPLETE HEARINGS MIGHT WELL HAVE BEEN MORE DIFFICULT AND COULD HAVE RESULTED IN A LONG DELAY IN SHIPMENT OF FUEL, HE OFTEN MADE POINT THAT INDIA IS IN EFFECT BEING MADE TO SERVE AS GUINEA PIG FOR NRC. HE EMPHASIZED THAT SINCE PETITIONERS HAD BEEN DENIED STANDING NRC COULD SIMPLY HAVE ISSUED LICENSES AND DISPENSED ALTOGETHER WITH HEARINGS. I COMMENTED THAT, AT BEST, SUCH AN APPROACH WOULD SIMPLY HAVE POSTPONED PROBLEM AS THERE WOULD HAVE BEEN CONTINUING OBJECTIONS TO EACH SUCCEEDING REQUEST FOR LICENSES. BY OPTING FOR HEARINGS WHOSE COMPASS IS STRICTLY LIMITED OPPONENTS ARE GIVEN CHANCE TO AIR THEIR VIEWS, BUT WITHOUT DRAGGING OUT PROCESS FOR MONTHS ON END.

4. SETHNA ONLY SAID THAT PROCESS WOULD BE EASIER IF INDIA WAS NOT ALONE IN DOCK. HE WONDERED WHETHER ANY OTHER LICENSES ARE CURRENTLY BEING DELAYED BECAUSE OF THESE HEARINGS OR BECAUSE OF SIMILAR OBJECTIONS (DEPARTMENT REQUESTED TO PROVIDE INFO ON THIS POINT).

5. MOST OF OUR DISCUSSION FOCUSED ON THE PROBLEM THAT MIGHT ARISE IN CONNECTION WITH RELATIONSHIP "OF THE PROPOSED EXPORTS TO THE COMMON DEFENSE AND SECURITY OF THE UNITED STATES AND CONFORMITY OF THE PROPOSED ACTIONS TO THE AGREEMENT." SETHNA BELIEVES THAT THIS FOCUS WILL OPEN DOOR FOR BROAD, FREE WHEELING DISCUSSION OF INDIA'S NUCLEAR PROGRAMS AND THE UNRESOLVED ISSUES CONNECTED WITH APPLYING SAFEGUARDS TO THE REPROCESSING PLANT. WITH REGARD TO INDIA'S PROGRAM, HE SAID OTHERS ARE OF COURSE FREE TO SAY WHAT THEY WISH ABOUT IT, BUT INDIA MUST DECIDE FOR

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ACTION OES-06

INFO OCT-01 NEA-10 ISO-00 AS-01 IO-13 EB-07 INR-07 L-03

SS-15 SP-02 PM-04 H-02 /071 W

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R 101130Z MAY 76

FM AMCONSUL BOMBAY

TO SECSTATE WASHDC 6417

INFO AMEMBASSY NEW DELHI
USMISSION IAEA VIENNA

C O N F I D E N T I A L SECTION 2 OF 2 BOMBAY 1207

STADIS//////////

ITSELF WHAT IT BELIEVES TO BE IN ITS OWN INTEREST PROVIDED IT DOES NOT VIOLATE ITS INTERNATIONAL UNDERTAKINGS. HE ASSERTED THAT IN CARRYING OUT ITS NUCLEAR PROGRAM INDIA HAS SCRUPULOUSLY OBSERVED ITS INTERNATIONAL AGREEMENT AND WILL CONTINUE TO DO SO. ALL MATERIALS PROVIDED BY U. S. FOR TARAPUR STATION HAVE BEEN USED FOR AGREED PURPOSES. INDIA OFFERED, HE EMPHASIZED, TO RETURN WASTE TO US OR ALTERNATIVELY TO EXTRACT PLUTONIUM FROM WASTE AND RETURN IT TO US. HE HOPED THAT HEARINGS WILL AT LEAST MAKE CLEAR THAT INDIA DOES ADHERE TO SPIRIT AND LETTER OF ITS UNDERTAKINGS TO US REGARDING TARAPUR. HE ADDED THAT HE KNEW SUCH A STATEMENT WOULD NOT SATISFY THE AMERICAN CRITICS OF HIS PROGRAM, BUT HE HOPES WE WILL ENSURE THAT RECORD MAKES POINT CLEAR ANYWAY.

6. HE BELIEVES MOST DIFFICULT PART OF HEARINGS WILL BE UNRESOLVED ISSUES CONECTED WITH SAFEGUARDS, ESPECIALLY RELATING TO
A) NATIONALY OF INSPECTORS
B) EXTENT OF DATA TO BE PROVIDED TO IAEA AND
C) RELEASE OF DATA TO US.
SETHNA REITERATED HIS CONTENTION THAT QUESTION OF NATIONALITY OF INSPECTORS COULD HAVE BEEN SETTLED LONG AGO IF US HAD VIGOROUSLY SUPPORTED HIS EFFORTS TO HAVE IAEA ESTABLISH CONFIDENTIAL

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RULE THAT ALL INSPECTORS OF FRPS MUST COME FROM COUNTRIES (OR PRESUMABLY GROUPINGS OF COUNTRIES) HAVING SUCH FACITITIES. HE SAID INDIA COULD NOT COMPROMISE ON THIS POINT AS IT WOULD MEAN CONTRIBUTING TO PROLIFERATION, WHICH IT OPPOSES. HE ALSO NOTED THAT IT WOULD AMOUNT TO GIVING AWAY FREE SOMETHING FOR WHICH IT COULD RECEIVE COMPENSATION IN BILATERAL BARGAINING.

7. HE AGREED THAT HIS RESERVATIONS ABOUT IAEA'S INSPECTION PROGRAM EXTENDED BEYOND QUESTION OF NATIONALITY OF INSPECTORS. HOWEVER, HE REFINED HIS DEFINITION OF THIS PROBLEM TO POINT WHERE IT MAY BE MORE MANAGEABLE. HE NOW SAYS TMAT HE ONLY OBJECTS TO GIVING OUT DATA ON "PROCESS" OF FRP. HE IS WILLING TO SHARE ALL MEASUREMENTS WITH IAEA, EXCEPT DATA ON HOW THE PLANT OPERATES. HE SAYS THAT EVEN THIS AMOUNT OF DATA WILL PROVIDE 80 PERCENT OF INFORMATION NEEDED TO

DESIGN AN FRP, BUT HE RECOGNIZES IAEA HAS TO HAVE SUFFICIENT INFORMATION TO ASSURE ITSELF AGAINST DIVERSIONS.

8. HE ALSO BELIEVES THAT HEARINGS WILL FOCUS ON FACT THAT SOME DATA THE IAEC GIVES TO IAEA IS NOT NOW AVAILABLE TO THE USA. HE CLAIMED THAT HIS DILEMMA HERE IS THE IAEA'S REFUSAL TO RELEASE THE DATA TO US. I SAID THAT WE PREFERRED TO GET THE DATA DIRECTLY FROM HIM, BUT IF HE IS CONCERNED ABOUT IAEA OBJECTIONS HE COULD SIMPLY AUTHORIZE THE IAEA TO GIVE US THE DATA AS A PARTY TO THE TRILATERAL. HE SIMPLY SMILED AND SAID THAT THIS PROBLEM SHOULD PROBABLY BE RESOLVED IN THE CONTEXT OF WORKING OUT A MUTUALLY ACCEPTABLE SAFEGUARDS PROGRAM FOR THE TARAPUR FRP. IN RESPONSE TO MY POINTED REMARK ABOUT URGENCY, HE DID AGREE THAT THE PRESSURE FROM THE HEARINGS WILL REQUIRE EARLY FORWARD MOVEMENT ON THE INFORMATION-SHARING PROBLEM.

9. IN COURSE OF THIS DISCUSSION OF SAFEGUARDS HE DIGRESSED TO POINT UP WHAT HE CALLED A PECULIAR PROBLEM THAT HAD ARISEN IN CONNECTION WITH IAEA CAMERAS IN HIS INSTALLATIONS. HE SAID HE IS INSISTING THAT ORIGINALS OF FILMS AND INTERPRETATIONS OF PICTURES REMAIN IN INDIA. HE IS QUITE PREPARED TO HAVE COPIES GO TO IAEA, BUT ORIGINALS MUST CONFIDENTIAL

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STAY HERE TO GUARD AGAAINST ANY LATER SWITCHES.

10. IN CONCLUDING DISCUSSION SETHNA URGED THAT WE LET HIM HAVE AS SOON AS POSSIBLE OUR ESTIMATE OF SCOPE AND FOCUS OF HEARINGS. AFTER THAT HE WOULD LIKE A STATEMENT OF THE APPROACH DEPARTMENT INTENDS TO TAKE TOWARD THEM. HE RECOGNIZES THAT IF HEARINGS FOCUS ON WAY IN WHICH THESE PROGRAMS AFFECT US DEFENSE AND MATERIAL SECURITY IT WILL BE UP TO US TO FORMULATE BASIC STATEMENT. HE HOPES HOWEVER THAT WE WILL DO IT WITH FULL AWARENESS OF INDIAN SENSITIVITIES. HE NOTED THAT AS WE BOTH BELIEVE THIS COOPERATION IS MUTUALLY BENEFICIAL, ANY STATEMENTS THAT WILL BE DIFFICULT FOR OTHER PARTNER SHOULD BE AVOIDED. HE CLOSED BY ASKING ME TO THANK DEPARTMENT FOR TIMELY NOTICE AND FOR PERSONAL, INFORMAL, EVALUATION OF NRC RULING BY A SENIOR OFFICIAL, MYRON KRATZER. HE ALSO REASSURED US THAT HE WILL PROVIDE ANY HELP HE CAN WITH HEARINGS.

11. ACTION REQUESTED:

(A) THAT DEPARTMENT RESPOND TO SETHNA'S REQUEST FOR INFO AS TO WHETHER SHIPMENTS OF ENRICHED URANIUM TO ANY OTHER COUNTRIES ARE BEING DELAYED BY TARAPUR HEARINGS OR SIMILAR INTERVENTION.
(B) THAT DEPARTMENT PROVIDE ITS ESTIMATE OF SCOPE OF NEW NRC HEARINGS.

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Message Attributes

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